

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NEA-07 INR-05 SP-02 CIAE-00 IO-06

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC PRIORITY 5511

INFO /AMEMBASSY ALGIERS PRIORITY 3356

AMEMBASSY AMMAN PRIORITY

AMEMBASSY DAKAR PRIORITY

AMEMBASSY LOME PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY RABAT PRIORITY

C O N F I D E N T I A L TUNIS 0377

LIMDIS

E.O. 11652: N/A

TAGS: EMIN, ETRD, OEXC, TS

SUBJ: AFRO-ARAB PHOSPHATE PRODUCERS CARTEL: PARIS MEETING

JANUARY 18, 1977

REF: (AMMAN 0088 (NOTAL), TUNIS 0203 (NOTAL))

1. ECONOMIC COUNSELOR INFORMED ON JANUARY 17 BY SADOK BORG, PRESIDENT OF TUNISIAN STATE PHOSPHATE MONOPOLY (COMPAGNIE DES PHOSPHATES DE GAFSA), THAT HE DEPARTING LATER IN DAY TO ATTEND PARIS MEETING JANUARY 18 OF AFRO-ARAB PHOSPHATE PRODUCERS CARTEL. BORG, WHO ATTENDED PRIOR MEETINGS IN DAKAR AND PARIS, SAID MINOR DIFFERENCES OF OPINION STILL EXIST WITH ALGERIA AND TOGO, BUT IT IS EXPECTED THAT THEY WILL SOON JOIN WITH OTHER FOUR AFRO-ARAB PRODUCERS IN EXPORT ALLOCATION AND PRICE AGREEMENT. INITIAL AGREEMENT, HE SAID, IN EFFECT FOR 1977 WITH GOOD PROSPECT FOR RENEWAL. ACCORDING
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TO BORG, MEETINGS OF GROUP BEING HELD "AS NEEDED" RATHER THAN ON REGULAR BASIS.

2. BORG PROVIDED SOME DETAILS OF AGREEMENT WHICH TEND TO CONFIRM THOSE REPORTED IN AMMAN 88. HE SAID EXPORT PRORATIONING, BASED ON CUTBACK FROM 1974 TOTALS, GIVES TUNISIA 1977 QUOTA OF 2.2 MILLION METRIC TONS OF PHOS-

PHATE ROCK. HE SUGGESTED THIS WAS NOT INCONSISTENT WITH OVERALL ALLOCATION OF 3.1 MILLION TONS OF ROCK AND PHOSPHATE EQUIVALENT IN FERTILIZER.

BORGI SAID BASIC MINIMUM EXPORT PRICE FOR TUNISIAN PHOSPHATE WAS \$35 PER TON, COMPARABLE PRICE FOR MOROCCAN BEING \$38 PER TON. TUNISIAN "LIST" PRICE FOR ROCK IN 1976, WHEN THESE EXPORTS WERE 1.856 MILLION TONS, WAS \$32. (IF 3.1 MILLION TONS IS OVERALL TUNISIAN QUOTA, WE HAVE NOT SORTED OUT THE ARITHMETIC. TUNISIA NOW PROCESSES ABOUT HALF OF ITS ROCK PRODUCTION. SALES OF 1.625 MILLION TONS TO DOMESTIC FERTILIZER MANUFACTURER BROUGHT TOTAL 1976 PHOSPHATE SHIPMENTS TO 3.5 MILLION TONS.)

3. BORGI SAID TUNISIANS QUITE OPTIMISTIC THAT CARTERL WOULD SUCCEED IN STABILIZING PHOSPHATE PRICES AT LEVEL CONSISTENT WITH TUNISIAN PLANS TO DOUBLE CAPACITY (TO 7 MILLION TONS OF ROCK) BY 1981 AT COST OF \$300 MILLION. BORGI SAID THAT, APART FROM SUPPORTING PHOSPHATE PRICES, CARTEL HOPED TO EXERCISE SOME DISCIPLINE TO KEEP FERTILIZER PRICES FROM RISING TOO HIGH IN RELATION TO RAW MATERIALS. HE SAID FORMULA SUCCESSFULLY ADVANCED BY TUNISIANS AT DAKAR OF ASSOCIATION OF STATE-CONTROLLED ENTERPRISES, RATHER THAN GOVERNMENTS, OFFERED PROSPECTS OF SUCCESS WHILE AVOIDING POLITICAL PROBLEMS OF OPEC-LIKE ORGANIZATION.

4. WILLING TO DISCUSS FRANKLY GOT PLANS AND POLICY, BORGI WILL BE VISITING UNITED STATES FOR THREE WEEKS STARTING FEBRUARY 27 UNDER INTERNATIONAL VISITORS PROGRAM (SEE CONFIDENTIAL

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TUNIS 203). BORGI HAS EXPRESSED INTEREST IN PURSUING COORDINATION OF POLICY WITH THE U.S. IN APPROPROATE CONTEXT, SUCH AS A PRODUCER/CONSUMER COMMODITY GROUP. MEM-CON FOLLOWS. KING

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